

CITY ATTORNEY UPDATE

MARCH 14, 2013

JUDGE ISSUES FINAL RULING APPROVING CONVENTION CENTER FUNDING STRUCTURE

By Jan Goldsmith

A little more than a year ago, the City set out to test the boundaries of the law with regards to special assessment districts. In particular, we wanted to be sure that the plan to fund the San Diego Convention Center expansion through a Convention Center Facilities District (CCFD) was valid.

We received word today on Judge Ronald Prager's final ruling on the matter supporting the City's actions.

Judge Prager wrote: "The Court finds that this action was properly brought under Code of Civil Procedure section 860, that the CCFD was properly formed, and that the election regarding the special tax at issue in this action conformed with all applicable constitutional provisions, statutes and ordinances. Thus, the City's request for a validation judgment is granted."

I welcomed this decision. It was well-reasoned and based upon the law. Should Convention Center opponents choose to appeal, we are confident the decision will be upheld.

The CCFD is structured to levy a tax on most hotel properties in the City. The revenue from the tax (about \$30 million annually) will be used to fund the convention center expansion.

We sought a validation judgment because this is a relatively untested area of the law. The California Constitution requires that taxes be approved by a two-thirds vote of the qualified electorate. But this tax was not submitted to all voters in the City. Instead, it was only submitted to hotel property owners within the City.

As I have said, there is nothing wrong with testing the boundaries of the law if that is what the client wants to do. If we believed that the plan is illegal, we would not sign off. There is a big difference between illegality and lack of clarity.

Now we have the clarity we sought.

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